

**Magma General Insurance Limited
(erstwhile Magma HDI General
Insurance Company Limited)**

This document defines the Stewardship code for Magma General Insurance Limited (erstwhile Magma HDI General Insurance Company Limited)

Policy on Stewardship Activities

Effective Date: 19.07.2024

Approval Date: 19.07.2024

Version No.: 7.0

Approved By: Board of Directors

Policy Owner: Chief Investment Officer

This document is confidential and supersedes any other Policy defining Stewardship Activities in the Company and should be read in conjunction with the most recent policies, procedures and regulations adopted/issued from time to time.

Policy Name: Policy on Stewardship Activities	Original Issue Date: 04.05.2017	Effective Date: 19.07.2024
	Revision Dates:04.05.2017, 01.05.2020, 21.01.2021, 30.04.2021, 09.11.2022, 30.04.2024, 19.07.2024	Policy Version: 7.0

**Magma General Insurance Limited (Magma)
(erstwhile Magma HDI General Insurance Company Limited)**

Policy on Stewardship activities

Base Document	:	Guidelines on Stewardship Code for Insurers in India issued by IRDAI vide Ref No. IRDA/F&A/GDL/CPM/045/02/2020 on February 07, 2020
Initial Document Prepared by	:	Mr. Jinesh Shah
Functional aspects Checked by	:	Chief Investment Officer
Governing Guideline/Policy	:	Guidelines on Stewardship Code for Insurers in India issued by IRDAI vide Ref No. IRDA/F&A/GDL/CPM/045/02/2020 on February 07, 2020
Compliance and Legal aspects checked by	:	Chief Compliance Officer

Policy Name: Policy on Stewardship Activities	Original Issue Date: 04.05.2017	Effective Date: 19.07.2024
	Revision Dates:04.05.2017, 01.05.2020, 21.01.2021, 30.04.2021, 09.11.2022, 30.04.2024, 19.07.2024	Policy Version: 7.0

- 1. Preamble**
- 2. Objective**
- 3. Scope and Applicability**
- 4. Principles for Stewardship codes**
- 5. Disclosures and Reporting**
- 6. Change Control Record**

Policy Name: Policy on Stewardship Activities	Original Issue Date: 04.05.2017	Effective Date: 19.07.2024
	Revision Dates:04.05.2017, 01.05.2020, 21.01.2021, 30.04.2021, 09.11.2022, 30.04.2024, 19.07.2024	Policy Version: 7.0

Policy Name: Policy on Stewardship Activities	Original Issue Date: 04.05.2017	Effective Date: 19.07.2024
	Revision Dates:04.05.2017, 01.05.2020, 21.01.2021, 30.04.2021, 09.11.2022, 30.04.2024, 19.07.2024	Policy Version: 7.0

1. Preamble:

The premium collected on insurance premium forms part of the investment portfolio and is invested to generate returns. The investment function is responsible for the investments to be made by the Company and as a part of its process monitors the investee companies on issues such as performance, risk, capital structure, corporate governance and such other related aspects. This enables the Company to protect its investments placed with such investee companies and thereby protecting the interest of the policyholders.

IRDAI published Guidelines on Stewardship Code for Insurers in India vide reference number IRDA/F&A/GDL/CMP/059/03/2017. The Stewardship code sets out good practice on engagement with investee companies. These principles and guidelines are prepared to assist the investment team in fulfilling its governance and stewardship responsibilities.

2. Objective:

Stewardship policy and guidelines shall enhance the quality of the communication between the company and investees, to help improve and protect stakeholders' interests and ensure exercise of governance responsibilities by investee companies. While the process of investments is governed by the 'Investment Policy, the Stewardship Policy [Policy] sets out the principles and processes in engaging with the investee companies while exercising voting on various resolutions from time to time.

3. Scope & Applicability of the policy:

The policy will apply to the right as an investor in Fixed Income/ Equity instruments of various category of companies including the Sovereign, PSUs, and Private companies. This Principals and Policy Guidelines will be reviewed annually and approved by the board.

4. This policy on Stewardship shall be based on the following principles

Principle 1 – Frame a Policy on Stewardship and Discharge of stewardship responsibilities:

The Company frames the policy on stewardship and provides flexible but robust framework in guiding the management to efficiently fulfil stewardship responsibilities. The management team along with the Investment team

1. Shall endeavour to have cordial relationship with investee companies. Regular financial and other information shall be sought from the company/trustees, the investee company's progress and prospects shall be regularly monitored.
2. Shall ensure that core function of investment is not outsourced
3. May take professional advice or consult other institutional investors and research reports like Market survey data, Industry wide analysis business valuation etc from external agencies to arrive at voting decisions. However, the final decision of voting will be made by the Investment Management Committee.
4. The voting on shareholders resolutions is done with a view to:
 - a) Enhance value creation for the shareholders/investors and the investee companies from a long term perspective.
 - b) Advocating responsible corporate governance practices.

Policy Name: Policy on Stewardship Activities	Original Issue Date: 04.05.2017	Effective Date: 19.07.2024
	Revision Dates:04.05.2017, 01.05.2020, 21.01.2021, 30.04.2021, 09.11.2022, 30.04.2024, 19.07.2024	Policy Version: 7.0

5. Exercise right as a debenture of debt holder/ equity investor by engaging interested parties like rating agencies, debenture trustees, Stock exchanges and the investee company, wherever required.
6. The Investment Management committee on Investments shall take major decisions w.r.t. its investments in approval of credit and investment exposure up to rating AA and above. For any investment with the credit rating AA- and below, the matter shall be referred to the Investment committee for their view and advice and further the same will be placed in the Board during ensuing Board meeting.
7. Investments team along with compliance team shall be ultimately responsible for discharging stewardship activities as laid down in this policy.

Principle 2: Managing the Conflict of interest:

The approach to any conflict of interest shall be managed with no compromise in integrity, transparency and in a manner that does not compromise any stakeholders’ interests.

Below are the instances where conflict of interest can arise

1. Investment in group companies of Magma.
2. Investment in any client of Magma.
3. Investment in any partner of Magma.
4. A Director or a Key Managerial Person of Magma has a personal interest in the investee company.

Steps to be taken to avoid probable conflict of interest in above instances:

1. Referral of the matter to the Audit Committee
2. Approvals from Investment Committee prior to making investments in group company
3. Maintenance of records of such minutes of decisions taken to address such conflicts

Elaborative compliance shall be ensured during any investment decision where potential of conflict of interest may arise. The entire process to be at arm’s length principle and shall follow detailed processes of approvals at highest levels.

Principle 3: Monitoring the Investee Companies:

Investment team will be responsible for monitoring all the companies in which Magma has invested regardless of the level of exposure. However a more detailed monitoring of the Investee companies’ where Investment in an Investee company is equal to or more than 1% of the Investment Assets on below parameters including but not limited to:

- 1) Company Strategy and performance-Operational and Financial
- 2) Quality of company management and board, leadership,
- 3) Corporate governance including remuneration structure of the board and related party transactions.
- 4) Industry level monitoring
- 5) Rights of Shareholders/Bond holders and their grievances, wherever applicable.

Policy Name: Policy on Stewardship Activities	Original Issue Date: 04.05.2017	Effective Date: 19.07.2024
	Revision Dates:04.05.2017, 01.05.2020, 21.01.2021, 30.04.2021, 09.11.2022, 30.04.2024, 19.07.2024	Policy Version: 7.0

Investment team shall conduct thorough research, analysis and remain updated with the investee company's performance. The Investment team will use publicly available information, management meetings, sell side research, credit rating agencies and other industry reports. Investment team shall undertake a detailed credit and fundamental analysis of the companies and the same shall be presented to and discussed with the Investment Management Committee. Deviations, issues / exceptions if any, shall be highlighted to the Investment Management committee and further for approval to the Investment committee by the Investment team.

Depending on the legal rights and provision as an investor in a particular investee company the company in consultation with and approval of investment committee, may nominate its representative on the board of the investee company.

Principle 4: Intervention with Investee Companies:

Investment team shall evaluate on case-to-case basis of any circumstances which may require intervention by the company. Instances warranting intervention include but are not limited to

- 1) Poor performance by the investee company,
- 2) Corporate governance related practices
- 3) Poor quality of management & board,
- 4) Litigations
- 5) Industry wide challenges.
- 6) Any regulatory actions or non compliance.

In such instances investment team shall discuss with Investment Management Committee of the investee companies about the issues and the steps it plans to take to address it. The investment team shall update the Investment Management Committee and Investment Committee about the engagement with the investee companies and the corrective action to be undertaken.

Escalation on any concerned issue shall be escalated to the required authority including but not limited to, custodian, Board of the investee company, debenture trustee, stock exchange, other institutional investors and appropriate regulatory authority.

In exceptional cases the company shall devise an exit plan for the investments as per the best interest of the stakeholders.

Principle 5: Collaboration with institutional investors:

There can be situations where the issues involved in resolutions to be voted upon by the shareholders may have an impact on all shareholders of the investee company. In such situations, collaborating with other investors may be the most effective approach to engage with the investee companies. Hence, in order to protect and enhance company's stakeholders' interest, collective engagement with other investors shall be undertaken not only for any specific issue but also to understand, research and analyse Investee Company and potential credits.

Policy Name: Policy on Stewardship Activities	Original Issue Date: 04.05.2017	Effective Date: 19.07.2024
	Revision Dates:04.05.2017, 01.05.2020, 21.01.2021, 30.04.2021, 09.11.2022, 30.04.2024, 19.07.2024	Policy Version: 7.0

Principle 6: Voting and disclosure of voting policy:

Voting will be decided by the Investment team in consultation with Investment Management committee. Any decision taken on voting of resolutions of the investee company should be for the best interest of the company and the policy holders.

The voting rights available to equity and debt investors shall be undertaken with proper compliance post approval from the Investment Management Committee in accordance with the threshold mentioned below:

Size of the Investment AUM of the Company (₹ in Cr.)	Compulsory voting required, if the Company’s holding of the paid up capital of investee company (in percentage) is
Up to 2,50,000	3% and above
Above 2,50,000	5% and above

Magma may voluntarily decide to vote on resolutions/ proposals of the investee companies where the investment is lesser than the threshold mentioned above when the Company is of the view that the said resolutions/ proposals are of significant importance and can have a material impact on the investment made by the Company.

Securities lending and borrowing (SLB) is a temporary lending of securities executed by a lender to a borrower of securities, for a stipulated duration, at a certain fee. As per the investment policy the company is not participating in the securities lending and borrowing market currently.

Principle 7: Reporting of Stewardship rights

The stewardship activities shall be transparently accounted and fully complied with the stewardship principles. A periodic report on the fulfilment of the stewardship activities shall be published on company’s website as per Annexure A of the Policy

Disclosure and Reporting:

1. The Board through the Audit Committee shall ensure that there is effective oversight on the company’s stewardship activities and compliance with the codes
2. The Policy shall be updated on the company’s website and will be fully complied with the code and regulatory compliance.
3. An annual report on the status of compliance with the Stewardship code, endorsed by CEO and Compliance Officer and approved by the Board shall be filed with the Authority before 30th June every year as per Annexure B of the Policy

Policy Name: Policy on Stewardship Activities	Original Issue Date: 04.05.2017	Effective Date: 19.07.2024
	Revision Dates: 04.05.2017, 01.05.2020, 21.01.2021, 30.04.2021, 09.11.2022, 30.04.2024, 19.07.2024	Policy Version: 7.0

Annexure A

Disclosure of voting activities in general meetings of investee companies in which the insurers have actively participated and voted

Name of Insurer: _____

Period of Report (FY): _____

Meeting Date	Investee Company Name	Type of Meeting (AGM/EGM)	Proposal of Management/Shareholders	Description of Proposal	Management Recommendation	Vote (For/Against/Abstain)	Reason supporting the decision
--------------	-----------------------	---------------------------	-------------------------------------	-------------------------	---------------------------	----------------------------	--------------------------------

Policy Name: Policy on Stewardship Activities	Original Issue Date: 04.05.2017	Effective Date: 19.07.2024
	Revision Dates:04.05.2017, 01.05.2020, 21.01.2021, 30.04.2021, 09.11.2022, 30.04.2024, 19.07.2024	Policy Version: 7.0

Annexure B

Annual Certificate of Compliance with regard to status of Stewardship Code principles

Name of the Insurer:

Date:

Period of Report (FY):

We _____ (Name) hereby certify that _____ (company name) has complied with the Stewardship Principles specified in the IRDAI (Corporate Governance for Insurers) Regulations, 2024 and the circulars issued there under.

Nothing has been concealed or suppressed.

Signature _____

Signature

Full Name and Designation

Full Name and Designation

Chief Compliance Officer

Chief Executive Officer

Policy Name: Policy on Stewardship Activities	Original Issue Date: 04.05.2017	Effective Date: 19.07.2024
	Revision Dates:04.05.2017, 01.05.2020, 21.01.2021, 30.04.2021, 09.11.2022, 30.04.2024, 19.07.2024	Policy Version: 7.0

5. Change Control Record:

Version No.	Change Request by	Memorandum of Change	Approval date
2	Jinesh Shah	Change made in accordance with IRDAI guidelines	01.05.2020
3	Jinesh Shah	Change made in accordance with IRDAI regulations	21.01.2021
4	Jinesh Shah	Change made to comply with the observations sent by IRDAI	30.04.2021
-	Jinesh Shah	No change	29.04.2022
5	Jinesh Shah	Changes made for enabling investment in equities	09.11.2022
6	Jinesh Shah	Changes made for further refinement and better risk management	30.04.2024
7	Jinesh Shah	Changes made for further refinement and to comply with Stewardship Principles specified in IRDAI (Corporate Governance for Insurers) Regulations, 2024	19.07.2024